

TURTLE CREEK TOWNSHIP

DAYTON REGION, SHELBY COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2006 - 2005



Mary Taylor, CPA

Auditor of State

Board of Trustees
Turtle Creek Township
8347 State Route 705
Sidney, Ohio 45365

We have reviewed the *Independent Accountants' Report* of Turtle Creek Township, Shelby County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2005 through December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Turtle Creek Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

February 27, 2008

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**TURTLE CREEK TOWNSHIP
SHELBY COUNTY**

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**MANNING & ASSOCIATES CPAS, LLC
6105 NORTH DIXIE DRIVE
DAYTON, OHIO 45414**

INDEPENDENT ACCOUNTANTS' REPORT

Turtle Creek Township
Shelby County
8347 State Route 705
Sidney, Ohio 45365

To the Board of Trustees:

We have audited the accompanying financial statements of Turtle Creek Township, Shelby County, (the Township), as of and for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP requires presenting entity wide statements and also presenting the Township's larger (i.e major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and 2005, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2006 and 2005, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Turtle Creek Township, Shelby County, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 16, 2007, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Manning & Associates CPAs, LLC
Dayton, Ohio

October 16, 2007

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**TURTLE CREEK TOWNSHIP
SHELBY COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Taxes	\$ 21,658	\$ 45,433	\$ 67,091
Intergovernmental Receipts	79,095	105,434	184,529
Licenses, Permits and Fees	4,652	22,935	27,587
Special Assessments	0	551	551
Earnings on Investments	801	150	951
Total Cash Receipts	<u>106,206</u>	<u>174,503</u>	<u>280,709</u>
Cash Disbursements:			
Current:			
General Government	55,567	0	55,567
Public Works	0	108,468	108,468
Health	5,912	28,910	34,822
Total Cash Disbursements	<u>61,479</u>	<u>137,378</u>	<u>198,857</u>
Total Receipts Over/(Under) Disbursements	<u>44,727</u>	<u>37,125</u>	<u>81,852</u>
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements	 <u>44,727</u>	 <u>37,125</u>	 <u>81,852</u>
Fund Cash Balances, January 1	<u>7,382</u>	<u>51,748</u>	<u>59,130</u>
Fund Cash Balances, December 31	<u>\$ 52,109</u>	<u>\$ 88,873</u>	<u>\$ 140,982</u>

The Notes to the Financial Statements are an integral part of this statement.

**TURTLE CREEK TOWNSHIP
SHELBY COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2006

		<u>Fiduciary Fund Type</u>
		<u>Agency</u>
Operating Cash Disbursements:		
Purchased Services	\$	<u>75,800</u>
Total Operating Cash Disbursement		<u>75,800</u>
 Operating Income/(Loss)		 <u>(75,800)</u>
 Non-Operating Receipts (Disbursements)		
Intergovernmental	\$	<u>75,800</u>
Total Non-Operating Cash Receipts		<u>75,800</u>
 Net Receipts Over/(Under) Disbursements		 <u>0</u>
 Fund Balances, January 1,		 <u>0</u>
 Fund Balances, December 31,	\$	 <u><u>0</u></u>

The Notes to the Financial Statements are an integral part of this statement.

**TURTLE CREEK TOWNSHIP
SHELBY COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Taxes	\$ 19,774	\$ 42,043	\$ 61,817
Intergovernmental Receipts	28,866	96,147	125,013
Licenses, Permits and Fees	2,690	39,155	41,845
Special Assessments	0	584	584
Earnings on Investments	195	119	314
Total Cash Receipts	<u>51,525</u>	<u>178,048</u>	<u>229,573</u>
Cash Disbursements:			
Current:			
General Government	36,754	0	36,754
Public Works	0	136,637	136,637
Health	5,900	32,602	38,502
Capital Outlay	2,500	0	2,500
Total Cash Disbursements	<u>45,154</u>	<u>169,239</u>	<u>214,393</u>
Total Receipts Over/(Under) Disbursements	<u>6,371</u>	<u>8,809</u>	<u>15,180</u>
Other Financing Receipts/Disbursements			
Advances-In	0	5,700	5,700
Advances-Out	(5,700)	0	(5,700)
Total Other Financing Receipts/(Disbursements)	<u>(5,700)</u>	<u>5,700</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements	<u>671</u>	<u>14,509</u>	<u>15,180</u>
Fund Cash Balances, January 1	<u>6,711</u>	<u>37,239</u>	<u>43,950</u>
Fund Cash Balances, December 31	<u>\$ 7,382</u>	<u>\$ 51,748</u>	<u>\$ 59,130</u>

The Notes to the Financial Statements are an integral part of this statement.

**TURTLE CREEK TOWNSHIP
SHELBY COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2005

		<u>Fiduciary Fund Type</u>
		<u>Agency</u>
Operating Cash Disbursements:		
Purchased Services	\$	<u>53,327</u>
Total Operating Cash Disbursement		<u>53,327</u>
 Operating Income/(Loss)		 <u>(53,327)</u>
 Non-Operating Receipts (Disbursements)		
Intergovernmental	\$	<u>53,327</u>
Total Non-Operating Cash Receipts		<u>53,327</u>
 Net Receipts Over/(Under) Disbursements		 <u>0</u>
 Fund Balances, January 1,		 <u>0</u>
 Fund Balances, December 31,	\$	 <u><u>0</u></u>

The Notes to the Financial Statements are an integral part of this statement.

**TURTLE CREEK TOWNSHIP
SHELBY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Turtle Creek Township, Shelby County, Ohio (the Township), as a body corporate and politic. A publicly-elected three-member Board of Township Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, and contracts with the Fort Loramie Fire Department to provide fire protection services and the Fort Loramie Rescue Squad to provide emergency medical services.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund:

The General Fund reports all financial resources except those required to be accounted for in another fund.

**TURTLE CREEK TOWNSHIP
SHELBY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds:

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads.

Motor Vehicle License Tax Fund – This fund receives license tax money to pay for constructing, maintaining, and repairing Township roads.

Cemetery Fund – This fund receives money from the sale of cemetery lots, grave openings and closings.

3. Fiduciary Funds

These funds account for resources for which the Township is acting in an agency capacity. The Township had the following significant agency fund:

Multi-Township Road Project Fund – This fund accounts for money received from other townships for joint road work projects.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**TURTLE CREEK TOWNSHIP
SHELBY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are carried over, and need not be reappropriated. The Township did not encumber all commitments required by Ohio law.

A summary of 2006 and 2005 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

The Township records disbursements for acquisitions of property, plant and equipment when paid. These accompanying financial statements do not report these items as assets.

2. EQUITY IN POOLED CASH AND DEPOSITS

The Township maintains a cash and deposits pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and deposits at December 31 was as follows:

	<u>2006</u>	<u>2005</u>
Demand Deposits	<u>\$140,982</u>	<u>\$59,130</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

**TURTLE CREEK TOWNSHIP
SHELBY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2006 was as follows:

2006 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 103,079	\$ 106,206	\$ 3,127
Special Revenue	179,137	174,503	(4,634)
Fiduciary Fund	75,800	75,800	0
Total	<u>\$ 358,016</u>	<u>\$ 356,509</u>	<u>\$ (1,507)</u>

2006 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 110,410	\$ 61,479	\$ 48,931
Special Revenue	230,628	137,378	93,250
Fiduciary Fund	75,800	75,800	0
Total	<u>\$ 416,838</u>	<u>\$ 274,657</u>	<u>\$ 142,181</u>

Budgetary activity for the year ending December 31, 2005 was as follows:

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 48,643	\$ 51,525	\$ 2,882
Special Revenue	170,215	178,048	7,833
Fiduciary Fund	53,327	53,327	0
Total	<u>\$ 272,185</u>	<u>\$ 282,900</u>	<u>\$ 10,715</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 55,195	\$ 45,154	\$ 10,041
Special Revenue	207,613	169,239	38,374
Fiduciary Fund	53,327	53,327	0
Total	<u>\$ 316,135</u>	<u>\$ 267,720</u>	<u>\$ 48,415</u>

**TURTLE CREEK TOWNSHIP
SHELBY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopt rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township. Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

5. RETIREMENT SYSTEMS

The Township's elected officials and employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

OPERS members contributed 9% and 8.5% of their gross salaries for 2006 and 2005, respectively. The Township contributes an amount equal to 13.7% and 13.55% of participants' gross salaries for 2006 and 2005, respectively. The Township has paid all contributions required through December 31, 2006.

6. CAPITAL LEASES

The Township entered into a lease agreement for the lease/purchase of a 2007 dump truck with spreader. Lease payments are due annually in the amount of \$16,150, with the final payment being \$16,160, all payment include interest at 5.87%. Final lease payment is due December 20, 2009. Future minimum lease payments are as follows:

<u>Year Ending</u>	<u>Payment</u>
2007	\$ 16,150
2008	16,150
2009	<u>16,160</u>
Total minimum Lease Payments	\$ 48,460
Less amount representing interest	<u>(5,177)</u>
Present Value of Lease Payments	<u>\$ 43,283</u>

Under the basis of accounting utilized by the Township, the capital assets are not reflected on the financial statements and payments are allocated and recorded in the General Fund.

**TURTLE CREEK TOWNSHIP
SHELBY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

7. RISK MANAGEMENT

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage - For an occurrence prior to January 1, 2006 OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

Property Coverage - Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

**TURTLE CREEK TOWNSHIP
SHELBY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

8. RISK MANAGEMENT (Continued)

Financial Position - OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2006 and 2005:

<u>Casualty Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$32,031,312	\$30,485,638
Liabilities	<u>(11,443,952)</u>	<u>(12,344,576)</u>
Retained Earnings	<u>\$20,587,360</u>	<u>\$18,141,062</u>
<u>Property Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$10,010,963	\$9,177,796
Liabilities	<u>(676,709)</u>	<u>(1,406,031)</u>
Retained Earnings	<u>\$9,334,254</u>	<u>\$7,771,765</u>

At December 31, 2006 and 2005, respectively, casualty coverage liabilities noted above include approximately \$10.8 million and \$11.6 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$10.8 million and \$11.6 million of unpaid claims to be billed to approximately 958 member governments in the future, as of December 31, 2006 and 2005, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$52,000. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

**MANNING & ASSOCIATES CPAS, LLC
6105 NORTH DIXIE DRIVE
DAYTON, OHIO 45414**

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Turtle Creek Township
Shelby County
8347 State Route 705
Sidney, Ohio 45365

To the Board of Trustees:

We have audited the financial statements of the Turtle Creek Township, Shelby County, (the Township) as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated October 16, 2007, wherein we noted the Township followed accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. The Township has not presented Management's Discussion and Analysis, which accounting principals generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Internal Control Over Financial Reporting, continued

We noted certain matters that we reported to the Township's management in a separate letter dated October 16, 2007.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standard*, which are described in the accompanying schedule of findings as items 2006-001 and 2006-002.

We did note certain noncompliance or other matters that we reported to the Township's management in a separate letter dated October 16, 2007.

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of the management and the Board of Trustees. We intend it for no one other than these specified parties.

Manning & Associates CPAs, LLC
Dayton, Ohio

October 16, 2007

TURTLE CREEK TOWNSHIP
SHELBY COUNTY
SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2006-001

Ohio Rev. Code Section 5705.41(D) states that no subdivision shall make any contract or give any order involving the expenditure of money without attaching thereto the certificate of the fiscal officer of the subdivision that the amount required to meet the same in the fiscal year in which the contract is made has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Contracts and orders for expenditures lacking prior certification should be null and void.

This section also provides that if no certificate is issued at the time the contract or order is entered into, the fiscal officer may later certify that there were funds properly appropriated or in the treasury or in the process of collection and such funds are free from previous encumbrance both at the time the contract or order was entered into and at the time of payment (“then and now”).

After certifying this, the fiscal officer may proceed to pay for such order or contract if the amount is under \$3,000. If the amount involved is over \$1,000 (\$3,000 effective April 7, 2003), the taxing authority must approve of such payment within 30 days of the date of the fiscal officer’s certification.

Five expenditures in 2006 and six expenditures in 2005, representing a sample of non payroll disbursements, made during 2006 and 2005 had invoices dated prior to the issuance of the purchase order with no evidence of “then and now” certificates issued for these expenditures.

Failing to comply with these requirements could result in the Township expending funds in excess of available appropriations. The fiscal officer’s certificate should be initiated for each expenditure prior to the obligation being incurred.

Response: The Fiscal Officer will be more conscious for future postings.

FINDING NUMBER 2006-002

Ohio Rev. Code Section 9.38, provides that any public officer or employee who collects or receives payments due to the public shall deposit all public money over \$1,000 received by him with the Fiscal Officer of the taxing district once every twenty-four hours or every three days in less than \$1,000 for safeguarding and deposit.

It was determined that during the audit period the Zoning Inspector was not depositing zoning receipts promptly with the Fiscal Officer, contrary to this statute.

The Trustees should evaluate the funds collected and the current policies in effect and determine if the current policies adequately safeguard the amounts received. The Townships policies should then be communicated to all employees collecting monies on behalf of the Township.

Response: The Trustees will review the current policies and make any needed changes.

**TURTLE CREEK TOWNSHIP
SHELBY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR END DECEMBER 31, 2006 AND 2005**

FINDING NUMBER	FINDING SUMMARY	FULLY CORRECTED?	NOT CORRECTED, PARTIALLY CORRECTED; SIGNIFICANTLY DIFFERENT CORRECTIVE ACTION TAKEN; OR FINDING NO LONGER VALID; <i>EXPLAIN:</i>
2004-001	Ohio Rev Code Section 5705.41(B) Expenditures exceeding the amounts appropriated.	Yes	



Mary Taylor, CPA
Auditor of State

TURTLE CREEK TOWNSHIP

SHELBY COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 11, 2008**